MINUTES OF THE POINT BOARD MEETING JULY 1, 1987

Present at the meeting were: Stewart Brand, Doug Carlston, Robert Fuller, Huey Johnson, Kevin Kelly, and Doug Ferguson of the Mayer Foundation.

The meeting began at 8:20 am. The agenda and a financial statement for the WELL were distributed. Minutes for the last meeting were reviewed. As there was no old business, the meeting moved on to the first item, an offer to buy the WELL.

Tom Hargoden has made an offer to buy POINT's interest in the WELL. An offer of $30, 000 to NETI for their share was accepted by them. POINT is being offfed $30,000 with the understanding that more funds would be later spent on developing the WELL. Bob Fuller asks if this offer should be accepted. KK responds that yes, at the moment the WELL is at a plateau. It needs money invested in order to grow. Whole Earth would keep its free accounts. Tom is interested in keeping the character of the WELL.

Huey Johnson raises the question of the WELL's long-term profitability. Is there a possibility of a share of future profits? SB comments that such a consideration might be a good idea; the WELL could take off. In fact, it would probably be to Tom's advantage to keep POINT interested, to help the system grow. KK suggests that POINT retain a 5% non-voting stock. Doug Carlston argues that %5 voting stock would be easier than requiring a second class of stock, but would not affect control. In view of the general consensus, Bob Fuller suggests a try for terms of $30,000 cash plus retaining a 5% interest, keeping in mind Stewart's arguement about the advantage of a continuing POINT interest to the new owner. Doug Carlston points out that Tom has already paid NETI $30,000 for its share.

After a short discussion it is agreed that POINT should try for $30,000 plus 5%. If that is unacceptable, than $27,000 plus 5%, and finally, if no equity arrangement is agreeable, then the $30,000 straight.

Cindy Fugett comes in to present the financial report. Her first item is that one of the magazine's maniacal subscribers has donated 7 shares of IBM stock. Should we sell, or hold it? Huey Johnson and Doug Carlston favor selling on general principles. We should not be in the business of trying to manage a portfolio, and it is better to get the cash. Selling the stock is approved.

Cindy reports that this is the first month we've shown profit for a while. In the second quarter we are showing apprrox. $26,000 profit, due to the

approx. $48,000 profit this month. We are now running at about a $4,000 loss for the year so far. Next month will not repeat what we had this month, which was due to the "irresistable renewal offer" put together buy new staffers Keith Jordan and Richard Schauffler, involving giving away a free book with a three year subscription. This is a one-time only. Kevin Kelly interjects that the hope is that in addition to providing badly needed cash now, that there will be funds to start the direct mail promotion. A further promotion will be created to spur gifts at holiday time.

Cindy reports that we hav ejust finished the first quarter using the new budget, and are running approx 3-5% over. Major costs include rent, which has risen drastically. Previously our landlord hs been charging us at below market rates, but has begun to bring charges into line with other local rents. Sausalito rents are hich; rents in Novato, for instance, are about half as expensive. The idea of moving has been mentioned, but of course, there is no money for such a move. There follows a discussion of area rents.

SB points out that the current location has certain "hidden amenities" Regular office space, (such as was used at 150 Gate Five Rd.) with its out-gassing carpets, etc. has its drawbacks. Here there is the garden, and the sense of being part of a community. On the other hand, moving presents a good chance to rethink habits and combat ossification. A move should be considereed in other terms than only financial. When paid volleyball was done away with it saved $10,000 but was a trauma in other ways.

Bob Fuller asks how a move would affect SB's connection with the organization. SB responds "Enormously." Bob Fuller ponts out that this would be another loss.

Huey Johnson states that while SB is an inmportant asset, Kevin Kellyt has grown tremendously in his role and so SB's management is not a crucial as it once was. Bob Fuller suggests the idea of an on-site housecleaning. KK responds that it is a good idea, but, again, there is no money for such an activity. SB mentions that changing addresses does cause problems with subscriber continuity.

Cindy summarizes her report -- don't get too rosy a picture. Next month will be down.

Following Cindy's report there is further discussion of rents. SB asks if there is an accepted rule of thumb on how much should be spent on rent. Doug Carlston responds that there really is none. Huey Johnson, prompted by SB's hidden asset comment, suggests a different hidden asset, the

association with Whole Earth. He suggest we keep out antennae open, because there are currently places standing empty and some landlords may want to subsidize places in order to have that association. Be aware of the philanthropic uses of real estate, and donations

Doug Ferguson makes the comment that with the new tax laws there is less of such activity. SB asks how tax changes are affecting giving.

Ferguson responds that it is hard to say. People have more reasons for giving than tax law. In the last 6 months, giving has been up across the board, probably due to a rise in discretionary income and more sophisticated fundraising.

Stewart comments that he has gotten a tremendous response to the 1" ad in the last issue of the magazine.

There follows a discussion of the maturing of the giving/fundraising peocess. Doug Ferguson makes the point that people give to people, not to causes. You will more likely to respond to someone you know who asks for money than to a piece of mail. Stewart should contact perhaps 200 people he knows who have a special relationship to Whole Earth, with a request. But first, it is important to get clear on <u>exactly</u> what will be done with the funds.

Doug Carlston says that people pay for monumnents, not operating expenses. KK asks "What do information age monuments look like?" Doug Ferguson suggests that they are endowments. What is needed is the funds to enable you to emerge from crisis mode.

Doug Carlston suggests that people want some kind of association and affiliation with the people who have put the magazine together. Perhaps a conference could be organized.

Bob Fuller thinks that a letter to 200 at $500 each would work, combined with an invitation to a conference to raise more. The Whole Earth generation is about to take power, and the need to to keep Whole Earth from dying now is great.

Doug Ferguson suggest that it could be done as a national video conference with SB, with an 800 phone number so people could call and be engaged in conversation.

Bob Fuller suggests that that may be more than SB wants to be involved with, in the processs of passing the torch. Doug Carlston responds that Fundraising is the hardest thing to pass without another charismatic figure. KK suggests a video link-up combined with a weekend. SB comments that it could be cast as a live weekend edition of the magazine, with figures who have contributed to the magazine in the past. Bob Fuller suggests that the people involved should be forward looking,; the tone of the weekend should be aimed at the future, not the past.

SB suggests another way to bring in funds would be to create a level of subscriber beyond maniacal, maybe for a $10,000 contribution. Doug Carlston cautions about the effect on current maniacals. SB responds that it could be cast as a horizontal move, named "endowers" or some such.

Moving on, Kevin Kelly presents an update on the Apple/Microsoft/Whole Earth project. This is the development of an optical disk hypertext system, involving putting a sampler of the catalog on optical disk. Whole Earth had previously done a feasibility study for Apple, along with a proposal to develop a prototype for a package that would be used by Apple to help promote their new system. Apple wants to produce the hardware, with Microsoft as the publisher of the accompanying software, with the Whole Earth Catalog as a demonstration unit. Kevin was notified by Apple with a go-ahead on the $52,000 prototype project.

Doug Carlston mentions that other companies are interested in CD-ROM. He cautions about gettin tied to Microsoft. The market is currently waiting for hardware to develop. Don't sell the proprietary database of the catalog too early too cheap. The sampler approach may be the best-- it gives early visibility and will attract other companies.

Dick Fugett is brought in to give an update on the radio project. It started a year ago, with no money, as an ideea of a Whole Earth radio show. Now some radio people Dick has been working with are very interested, and are asking permission to use the Whole Earth name as part of the project. The proposal is for a halr-hour program which would either be syndicated or on public radio, depending on how things developed. It would take no money from the magazine, the magazine could maintain a veto over the editorial content, and no magazine staff would be required.. KK suggests the possibility for Backscatter, perhaps tapes from home contributors. He asks what happens if it starts to take off.

The consensus is to give the idea a try, as proposed, and to let it develop its own life, rather than trying to keep too tight a rein on it, with the

understanding that if it begins to look like it may be profitable, POINT will want a piece of that.

A discussion is raised about limiting the term of Board officers. Various terms are discussed with no decision being reached.

Next, Kevin Kelly begins a discussion of the direct mail promotion campaign being worked on by Keith Jordan and Richard Shauffler. An interest-free loan is being persued to provide the necessary sart-up costs.

Doug Carlston must leave and excuses himself from the meeting.

Kevin continues that while there is no definte answer on the loan, plans are proceeding for a letter to be sent to supporting subscribers asking for further contributions for this purpose. Doug Ferguson suggests that this may be a bad approach. Why two fundraising moves? It may be better to hold off, or wrap it into the earlier idea of a letter from Stewart. He suggests creation of a "hot list" of perhaps potential donors, contacted with a letter from Stewart, and hope to get something from all or most of them. Bob Fuller suggests that it be framed as a major Whole Earth move, to set up an endowment that will enable it to go on, at a critical time in our culture.

There is a discussion of whether it would be an endowment, implying living on the interest, oor more like an annuity, taking the interest and the principle in small packets, carfully, adding back into it in fat years. Various possibilities are discussed.

Following that discussion, KK moves on to the Signal project. The proposal for a Signal book is now at Microsoft publishing, who may be interested. It had been circulated in NY, and there was no real interest in it. NY is looking for blockbusters, and following the history of two not-so-hot catalogs, there was no one willing to undertake the Signal project.

That being the final business, the meeting ended at 10 am.